STRATEGY NOTES

Bronwyn Higgs is a lecturer in marketing and advertising at Victoria University in Melbourne. Bronwyn.Higgs@vu.edu.au

The technology is now available to pinpoint the geographical location of users of mobile communication devices. **Bronwyn Higgs** explores what this means for advertisers.

On location.

Conrad Hilton is credited with saying that the three most important criteria for determining the success of a hotel property are 'location, location and location'. In the new media landscape, location is set to become an important criterion for selecting a platform to reach increasingly nomadic consumers.

In the very near future, location-based services (LBS) will become yet another new form of promotion to be considered as integral to the media mix. US and European trade press have been touting location-based advertising (LBA) and proximity advertising as the new killer applications. Yet, a great deal of confusion surrounds the terminology.

New technologies often generate a confusing array of colourful terms. Some writers appear to use these three concepts synonymously. Selected service providers, in their eagerness to be seen as offering novel advertising solutions, are now claiming that simple out of home advertising is 'location-based advertising'. Yet LBA involves more than mobile billboards.

WHAT IS LBA?

LBA is definitely an embryonic industry in this country. Forecasters suggest, however, that it will become the hottest new media category over the next decade. Some forecasters have gone so far as to suggest that LBS will take over the internet. LBA may be defined as marketer-controlled information customised for recipients' geographic positions and received on mobile communications devices. In other words, it refers to messages that are promotional in character and which are matched to the consumer's physical location.

LBA exploits knowledge about where an information device is physically located. It refers to messages of a promotional character that leverage technologies identifying the consumer's physical location communicated via a digital communication device.

Given the increasing sophistication and power of mobile devices, many are now able to emulate the functions of a personal computer or the internet. In turn, this provides ample opportunities for real-time, interactive, personalised, localised marketing activities.

We tend to associate location-based messaging with the ubiquitous mobile phone; however, definitions of LBA are broad enough to cover a wide range of devices where users access information. Typical mobile communication devices include: laptops, web tablets, dedicated devices, intelligent terminals, computers installed in cars and Radio Frequency Identification Devices (RFID) chips.

The key is to deliver messages in locations where consumer behaviour occurs. Typical locations include commuter vehicles, public transport, exhibitions, venues and retail settings such as shopping malls and shopping strips. The definition is sufficiently broad, however, that it extends to any location where consumers are likely to be engaged in purchasing and decision-making.

In its broadest possible sense then, LBA refers to advertising activity that occurs near the point of sale and that leverages mobile communications technologies.

ADVERTISING AND MARKETING OPPORTUNITIES FOR LBS

E-LBA (European Location Based Advertising) identifies three broad types of location-based advertising. Push services are driven by the service provider, pull services are driven by the consumer, while context-specific services may involve push and pull in a complex series of interactions.

PUSH SERVICES

Push advertising refers to messages that are sent proactively to devices. For instance, commuters travelling by public transport are often bored and may be receptive to general interest advertising during their journey. Trials in Europe and the UK have focused on trains passing specific retail outlets for the delivery of messages about a sale. These retailer-sponsored messages are delivered on high quality LED screens within the vehicle, allowing commuters to decide whether to alight at the next stop in order to take up the offer.

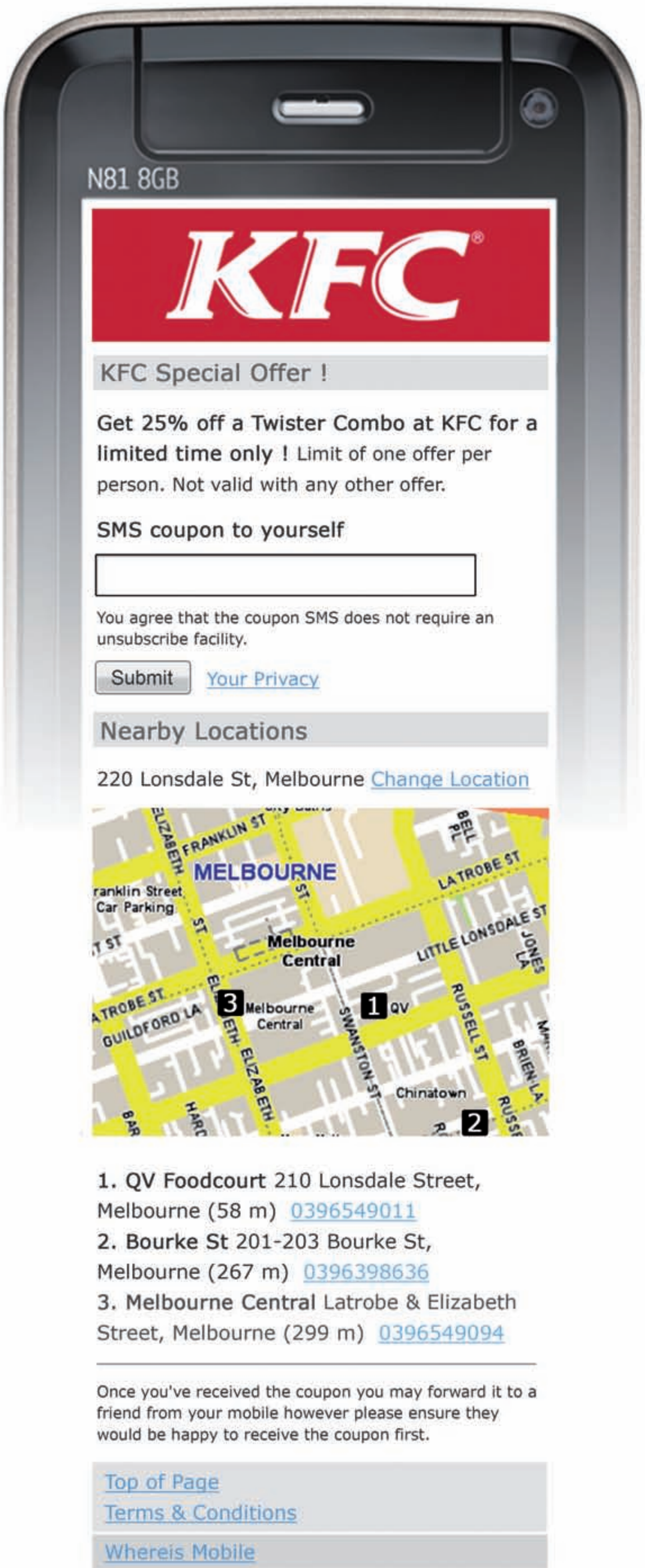
Breeze Tech has trialled Bluetooth technology in Sydney, Melbourne and Perth since late 2006 using a variety of outdoor touchpoints – from interactive outdoor displays through to public transport vehicles. These displays simply invite users to enable their mobile phones to receive relevant or valuable messages from a retailer or service provider.

In the push scenario, no record of the consumer's phone number is maintained. This means that push advertising is useful for prospecting as well as for rewarding existing customers.

To date, most consumers enjoy the novelty experienced with accessing downloads via their mobile devices. As the format matures, however, it is not clear whether consumers will view this type of advertising as much more than unsolicited spam.

PULL SERVICES

Pull advertisements are those that are served to a user who is seeking information about a specific topic. For instance, a consumer en route to the central business district seeks information about a Japanese restaurant and a live music performance. The user provides the service provider with a basic query, and then receives listings of the goods or services sought from a classified directory.



Sensis combines the mapping facility of the Whereis? site with directory services *Yellow Pages* Online, to deliver localised mobile coupons.

Alternatively, the consumer may be served redeemable coupons or other promotional offers.

The Australian tourism industry was one of the first to recognise the benefits of location-based services for tourists navigating foreign destinations. As early as 2001, an alliance between Ericsson and Tourism Victoria developed a service providing accommodation and visitor information to mobiles. Since then, variations of this model have been trialled in Europe. Visitors are able to rent a mobile phone from a local tourist authority or use their own service.

More recently, Sensis has launched an initiative designed to use its assets in location-based advertising delivered to mobile phones. By combining the mapping facility of the Whereis? site with directory services Yellow Pages Online, Sensis can deliver information alongside listings and advertising. Useful information such as contact numbers for taxi services or directions on how to reach a specified destination provides users with relevant and valuable LBS.

Pull advertising is more useful for building relationships with existing customers.

CONTEXT-SPECIFIC SERVICES

Context-specific advertising is also known as proximity marketing. To date, context-specific advertising has not been used in Australia. European trials, however, involving shopping malls and warehouses have just concluded.

The context-specific scenario is far more complex than simple push/pull promotions as it involves multiple media interfaces and established relationships. Initially, users register their interest and product preferences with a web portal. Each user is then allocated a unique personal identification number (PIN). When the consumer enters a shopping mall, a trigger engine manages the data flow to individuals, ensuring that users only receive information from goods/service providers in which they have expressed an interest.

Geo-positioning is used to determine a user's location as they traverse the environment. When a consumer passes by a storefront, interactive video and static advertising are customised for each individual's preferences and delivered to their mobile device. In this way, the user may be served a window display designed exclusively for their interests and needs. In true interactive systems, the user is able to query the system, such as accessing details of all stock in his or her size held by stores within a defined region.

Because context-specific advertising requires consumers to pre-register their interest and preferences, it affords greater opportunities to match the consumer's physical location with other known demographic or attitudinal data about each individual consumer.

TECHNOLOGIES SUPPORTING LBS

LBS requires the integration of a number of platforms and technologies. Mobile communications devices, software and spatial positioning technologies must combine into a coherent network.

Accuracy in tracking users' locations is a major issue confronting the industry. Basically there are two methods for identifying users' physical locations – GPS and non-GPS positioning techniques.

GPS capability enables the users' physical location to be ascertained with high levels of precision. GPS-enabled mobile devices are not, however, widely available in this country. Although many new generation mobile phones have GPS capability, few Australian users are GPS-enabled.

Non-GPS systems utilise the communications network to gain an approximate location of a mobile device. Currently, Telstra is not in a position to offer GPS. Calls from mobile phones are accompanied by broad geographic information that enables users to be situated within approximately 100 metres of their physical location. Until GPS becomes more widely available, location-based services will rely on a range of alternative technologies such as Bluetooth and RFID.

Bluetooth is a new technology that enables consumers to download content to their mobile phones via selected consumer touch-points such as billboards, decals and LED displays in public transport vehicles. Radio Frequency Identification Devices (RFIDs) are devices that can be attached to storefronts, vending machines or outdoor signage designed to broadcast to passers-by carrying enabled devices.

> "Given the increasing sophistication and power of mobile devices, many are now able to emulate the functions of a personal computer or the internet."

For mass market adoption of location-based services, consistent interfaces and platforms are a prerequisite. At present, industry growth is hampered by a multiplicity of platforms and devices that are unable to communicate with each other. In an effort to surmount technical issues surrounding consistency, a number of organisations including ANZLIC and ASIBA have been established to define common standards between applications.

LOCATION-BASED STAKEHOLDERS

For the various stakeholder groups, LBA represents a potential new stream of revenue; however, many have not yet developed business models and are uncertain about infrastructure and system requirements. Stakeholders include: carriers, device manufacturers, content providers, infrastructure networks and advertising networks.

COMMUNICATIONS CARRIERS

Mobile carriers such as Telstra, Optus and Virgin Mobile, are only just beginning to enter the industry. Many carriers are yet to work out the right charging model for mobile media. Consumers, understandably, resent being charged for the cost of calls used to deliver advertising. Other consumers expect discounted fees for subscribing to services.

DEVICE MANUFACTURERS

Nokia, Motorola, Compaq, Ericsson and Palm are seeking to enter the location-based market through alliances. For instance, in October 2007, Nokia announced that it had acquired mapmaker, Navteq, as part of its program to enter into location-based services.

CONTENT PROVIDERS

Microsoft has expressed keen interest in developing services in the location-based arena. The major search engines such as Google and Yahoo! have been watching developments in location-based advertising and increasingly providing a range of LBS on their sites. Other content providers, such as the local Sensis, are working with carriers to provide LBS.

INFRASTRUCTURE AND DELIVERY NETWORKS

Middleware software developers, such as Intergraph, MapInfo, Oracle and Genie, provide the interface for mobile platforms. Respective manufacturers continually tout the benefits of their platform. One Australian company, Seeker Wireless, for instance, is currently developing a system that will enable phone users to be tracked to within 10 metres.

ADVERTISING NETWORKS

Some advertisers, deterred by the small screen sizes and the creative limitations of the medium, are reluctant to embrace mobile advertising. It will be up to the advertising networks such as Double Click, to place advertising within the various media properties.

CONSUMER ACCEPTANCE OF LBS

Given that location-based advertising is in its infancy, very little research is available to inform our understanding of consumer perceptions.

The few academic studies published have concentrated on supply side considerations. Academic research has tended to overlook demand side considerations.

What do we really know about the consumer's willingness to accept location-based advertising? The few studies that have been published suggest that consumers are willing to accept mobile advertising, providing it meets their requirements for privacy and puts them in control of the types of messages received.

The Australian Interactive Media Industry Association (AIMA) published the findings of its research into mobile advertising in March 2007. The Mobile Phone Lifestyle Index reports more than half of all consumers are willing to accept mobile advertising. But there are trade-offs: 30 percent said that they would only accept advertising in return for free or heavily subsidised content, 26 percent would only accept advertising if they could opt out easily and 21 percent said they would accept advertising providing it did not interfere with the performance of the phone. This study also found that younger users are more receptive to mobile advertising.

MARKETING IMPLICATIONS

In LBA, the distinction between advertising and informational content has become increasingly blurred. Marketers will need to consider ways to provide valuable content to users. Early attempts to provide location-based content have relied on the provision of video trailers, wallpapers or discount coupons. As the location-based industry matures, the novelty value of such offers will disappear. The new challenge will be to identify and deliver content that delivers significant perceived customer benefits.

HOT LINKS

LBS PROVIDERS

APN Outdoor (Bluetooth technology)
www.apnoutdoor.com.au
Axis Media *www.axismedia.net.au*
Breeze Tech *www.breeze-tech.com.au*
Communicator Interactive
www.communicator.com.au
Nokia
www.nokia.com
Sensis Media
www.sensis.com.au
Tenzeng
www.tenzeng.com

INDUSTRY ASSOCIATIONS

Australian Interactive Media Association
www.aimia.com.au
European Location Based Advertising
www.e-lba.com **M**